

MAR 18 1982 - 10 45 AM

5.03(a)

INTERSTATE COMMERCE COMMISSION

THE CONNECTICUT BANK AND TRUST COMPANY

One Constitution Plaza

Hartford, Connecticut 06115

2077A033

No.

MAR 18 1982

Date

Fee \$ *12.00*

ICC Washington, D. C.

Corporate Trust Department

March 18, 1982

Secretary of the Interstate
Commerce Commission
Washington, D.C. 20423

Re: Transmittal Letter for Recordation
of Charter Supplement

Dear Sir:

Enclosed herewith for recordation with the Interstate Commerce Commission pursuant to 49 U.S.C. Section 11303 and 49 C.F.R. Part 1116 are three original executed copies of the Amended and Restated Bareboat Charter, dated March 18, 1982, between The Connecticut Bank and Trust Company, not in its individual capacity but solely as owner trustee (the "Shipowner"), One Constitution Plaza, Hartford, Connecticut 06115, as owner of the subject vessels, and Dravo Mechling Corporation (the "Charterer"), One Oliver Plaza, Pittsburgh, Pennsylvania 15222, as demise charterer of the vessels, which Charter amends and restates the Bareboat Charter, dated as of April 1, 1981, between the Shipowner and the Charterer, which was recorded with the Interstate Commerce Commission on April 16, 1981 at 10:50 a.m., recordation number W-21.

Also enclosed is a check for \$50 in payment of the recordation fee of \$50 for said Charter, as required by 49 C.F.R. Section 1116.3(d).

The foregoing Charter concerns twenty box hopper barges with roll top covers, each of approximately 1223.97 gross tons and approximately 1223 net tons built by Dravo Corporation at Neville Island, Pennsylvania and designated by the Shipbuilder's hull numbers 8231 through 8250.

Counterpart - 2000-10-14

-2-

Please record the foregoing agreements pursuant to 49 U.S.C. Section 11303 and 49 C.F.R. Part 1116 and return one original of the document to Ian Shrank, Esq., Morgan, Lewis & Bockius, 9 West 57th Street, New York, New York 10019.

A short summary of the document to appear in the index follows: Amended and Restated Bareboat Charter, dated as of March 18, 1982, amending and restating the Bareboat Charter, dated as of April 1, 1981, and covering twenty box hopper barges with roll top covers, hull numbers 8231 through 8250.

Very truly yours,

THE CONNECTICUT BANK AND TRUST
COMPANY, as Owner Trustee

By: 
Assistant Vice President

Interstate Commerce Commission

Washington, D.C. 20423

OFFICE OF THE SECRETARY

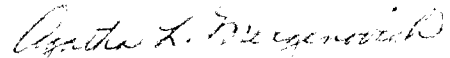
Ian Shrank, Esq.
Morgan, Lewis & Bockius
9 West 57th Street
New York, New York 10019

March 18, 1982

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 3/18/82 at 10:45AM, and assigned re-recording number(s). W-21-E, & W-23-I

Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure(s)

RECORDATION NO. 1121-E FILED 1425

MAR 18 1982 -10 45 AM

INTERSTATE COMMERCE COMMISSION

Document 20

AMENDED AND RESTATED
BAREBOAT CHARTER

Exhibit 10
to
Security Agreement

W-21-E

AMENDED AND RESTATED

BAREBOAT CHARTER

Dated as of March 18, 1982

between

THE CONNECTICUT BANK AND TRUST COMPANY,
not in its individual capacity but solely
as owner trustee,
as Shipowner

and

DRAVO MECHLING CORPORATION,
as Charterer

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* This Index is not part of this Bareboat Charter

AMENDED AND RESTATED
BAREBOAT CHARTER

THIS AMENDED AND RESTATED BAREBOAT CHARTER dated as of March 18, 1982 between THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as owner trustee under the Trust Agreement (the "Shipowner"), dated as of April 1, 1981, as amended, between it and New England Merchants Leasing Corporation B-7, and DRAVO MECHLING CORPORATION, a Delaware corporation, having its principal place of business at One Oliver Plaza, Pittsburgh, Pennsylvania 15222.

WITNESSETH:

WHEREAS, as provided in Section 27 hereof, the capitalized terms used herein which are defined in Schedule X to the Security Agreement dated the date hereof, between the Shipowner and the United States of America, Contract No. MA-10781, or by reference therein to other agreements or instruments shall, unless otherwise defined herein, have the respective meanings stated in said Schedule X or such other agreements or instruments.

WHEREAS, the Shipbuilder has entered into the Construction Contract with the Charterer providing for the construction of twenty box hopper barges Hull Nos. 8231 through 8250 together in each case with its related set of roll top covers;

WHEREAS, as contemplated by the Participation Agreement the Charterer has assigned to the Shipowner its rights under the Construction Contract pursuant to the Construction Contract Assignment and the Shipowner has purchased the Vessels;

WHEREAS, in order to assist the financing of such purchase, the Shipowner proposes to issue United States Government Guaranteed Ship Financing Bonds pursuant to the Commitment to Guarantee Obligations, which Obligations will be secured in part the Mortgage and by the Security Agreement; and

WHEREAS, the Shipowner bareboat chartered the Vessels to the Charterer pursuant to the Bareboat Charter, dated as of April 1, 1981, which Bareboat Charter the Shipowner and Charterer desire to amend and restate as set forth herein.

NOW, THEREFORE, the Shipowner agrees to let and demise, and the Charterer agrees to hire, the Vessels (or such of them

as have been purchased by the Shipowner in accordance with the provisions of the Participation Agreement, the Construction Contract and the Construction Contract Assignment) on the following terms and conditions:

Section 1. The Charter Period. The period of this Charter shall commence on the Delivery Date of the first of the Vessels to be delivered to the Shipowner pursuant to the Participation Agreement, the Construction Contract and the Construction Contract Assignment and shall continue through and including December 31, 2003. The period of this Charter for any particular Vessel shall commence on the Delivery Date thereof after execution and delivery by the Shipowner and the Charterer of a Charter Supplement with respect thereto substantially in the form of Schedule One hereto. The Charter Period shall be subject to earlier termination with respect to one or more Vessels or Covers as provided in Sections 8(c), 14, 17, 20 and 28 hereof, and shall be extended with respect to one or more Vessels:

(a) for any period required to effect redelivery as described in Section 16 hereof, including completion of any loaded voyage in progress at midnight (New Orleans time) on the last day of the Charter Period (which loaded voyage shall be deemed to commence on tender of notice of readiness to load); provided, however, that for any extension of the Charter Period by reason of completion of any such loaded voyage in progress, Charterer shall pay hire as provided in Section 16(b) hereof;

(b) for any period during which any Vessel shall be out of service for repairs or maintenance for more than thirty (30) consecutive days during the Charter Period; provided, however, that (i) the total extension of the Charter Period by reason of any and all such periods during which a Vessel shall be out of service shall not exceed 180 days, (ii) promptly after the end of any such period during which a Vessel shall be out of service, and also prior to the end of the Charter Period, the Charterer shall have given the Shipowner written notice of such periods during which the Vessel shall be out of service and the extent thereof, (iii) not later than the end of the Charter Period, the Charterer may, upon 90 days written notice to the Shipowner, elect not to treat any portion of or all such periods during which a Vessel shall be out of service as an extension of the Charter Period and (iv) for any extension of the Charter Period by reason of such period or periods during which a Vessel shall be out of service, the Charterer shall pay hire at a daily charter

rate equal to the Basic Charter Hire of the Vessel or Vessels with respect to which the Charter Period has been extended applicable to the Charter Hire Payment Date immediately preceding such extension divided by 180, or pro rata for periods less than a day; and

(c) for any period for which this Charter shall be renewed pursuant to Section 21(a) hereof.

Section 2. Subordination and Assignment of Charter.

(a) Subject to the terms of Section 6.07 of Exhibit 1 to the Security Agreement, the Charterer agrees that this Charter is and shall be in all respects always subject and subordinate to the provisions of the Mortgage and the terms and conditions thereof. The Shipowner shall not, so long as no Event of Default has occurred and is continuing hereunder, take any action contrary to the Charterer's rights under this Charter, including without limitation the right to possession and use of any of the Vessels, and the right to renew this Charter under the renewal option hereunder, except in accordance with this Charter. The Charterer further agrees that, at any time and from time to time upon the Shipowner's request, the Charterer will execute and deliver such further documents and do such other acts and things as the Shipowner may reasonably request in order to effect further the purposes of this subordination and of the rights herein provided.

(b) The Charterer hereby specifically consents to the mortgage, pledge and assignment effected or to be effected by the Mortgage and the Security Agreement and to all the security interests contemplated thereby and by the Participation Agreement. The Charterer agrees to execute and deliver any further consents and acknowledgements with respect to any such mortgage, pledge, assignment or security interest as the Shipowner or such assignee may request. The rights of the Secretary shall not be subject to any defense, counterclaim or set-off which the Charterer does or may have against the Shipowner.

Section 3. Hire. (a) The Charterer will pay to the Shipowner, or as the Shipowner may direct, subject to the provisions of Section 3(i) hereof during the Charter Period, forty-four (44) installments of Basic Charter Hire, payable semi-annually in arrears, the first 22 of which shall equal 5.122930% of Shipowner's Cost for all of the Vessels and the remaining 22 of which shall equal 6.261353% of Shipowner's Cost for all of the Vessels, the first such installment being due on June 30, 1982 and subsequent installments thereof being due on each December 31 and June 30 thereafter through and including

December 31, 2003.

In payment of a portion of any payment of Basic Charter Hire then due Charterer may receive a credit in the amount of the principal amount of any Obligations purchased by the Charterer and surrendered to the Shipowner for application by the Shipowner in satisfaction of the mandatory sinking fund redemption of such Obligations occurring on such Charter Hire Payment Date. The maximum amount of the credit allowable on any Charter Hire Payment Date shall be the principal amount of Obligations to be redeemed on such Charter Hire Payment Date. In the event Charterer elects to exercise its rights hereunder to receive credit for Obligations purchased by the Charterer, Charterer shall give the Shipowner at least 60 days prior written notice of such election and shall deliver to the Shipowner such Obligations immediately upon the purchase thereof, which Obligations shall then be applied as a credit on the next following Charter Hire Payment Date and the Shipowner shall apply such reacquired Obligations as a credit against the mandatory sinking fund requirement. If the Charterer does not elect by the 60th day prior to a Charter Hire Payment Date to purchase Obligations and to receive credit for them against the payment of Basic Charter Hire on such Charter Hire Payment Date, then the Shipowner may between the 60th and the 45th day prior to such Charter Hire Payment Date give the Charterer written notice of the Shipowner's intention to purchase Obligations and to apply them in satisfaction of the next following mandatory sinking fund payment. The Charterer agrees to consent to any such application for purposes of Article Third (a) of the Indenture. Except as provided in the preceding sentence Shipowner shall not apply such Obligations in satisfaction of any mandatory sinking fund payment.

(b) Termination Values and Stipulated Loss Values are set forth in Schedule Two hereto which is incorporated herein by reference.

(c) In the event a Change occurs, the Hire Factors shall be adjusted in accordance with the applicable provisions of Section 23 of the Participation Agreement.

(d) Each installment of Basic Charter Hire and any payment of Termination Value or Stipulated Loss Value made pursuant to Section 8(c), 14, 17, 20 or 28 hereof shall be paid in such funds and at such time as to be immediately available funds in the hands of the Person to whom such installment or payment is required to be made prior to 11:00 A.M. on the date when such installment or payment is due. Every payment of Supplemental Hire other than Termination Value or Stipulated

Loss Value required under this Charter or the Participation Agreement to be made by the Charterer to the Shipowner, the Owner Participant or the Secretary or any other payment required to be made by the Charterer to any other Person hereunder or thereunder shall be made by bank, cashier or certified check in Pittsburgh Clearing House funds or its equivalent. All payments of Hire shall be free and clear of, and without deduction for, or on account of, any and all present or future taxes, levies, imposts, deductions or other charges whatsoever imposed or levied by any governmental or taxing authority wheresoever located. In the event of any failure on the part of the Charterer to pay any Supplemental Hire, the Shipowner shall have all rights, powers and remedies provided for herein or at law or in equity or admiralty or otherwise in the case of nonpayment of Basic Charter Hire; provided that the Shipowner may not exercise any of such rights, powers or remedies (other than under Section 10, 11 or 12 of the Participation Agreement) without the prior written consent of the Secretary. Charterer also agrees to pay to the Shipowner, on demand, as Supplemental Hire, to the extent permitted by applicable law, interest at the Default Rate on any part of any installment of Basic Charter Hire not paid when due for any period for which the same shall be overdue and on any payment of Supplemental Charter Hire not paid when demanded by the Shipowner or the Secretary for the period from the date of any such demand until the same shall be paid.

(e) On and after the date hereof, the Charterer agrees to pay, as Supplemental Hire, to the Shipowner by payment to the Secretary for the account of and on behalf of the Shipowner, an amount equal to the initial and each annual Guarantee Fee on the date specified in Section 3.02(g) of Exhibit 1 to the Security Agreement. If the Secretary shall at any time give written notice to the Shipowner that the amount of any Guarantee Fee should be adjusted, has been erroneously calculated or is subject to increase or decrease pursuant to the Security Agreement, the Shipowner shall, within 5 days thereafter, give written notice thereof to the Charterer and the Charterer shall pay the Shipowner by payment to the Secretary for the account of and on behalf of the Shipowner within 15 days of such notice, an amount equal to any additional Guarantee Fee which is payable. The Shipowner shall, within 10 days after receipt thereof, pay to the Charterer an amount equal to any amounts received from the Secretary as a refund of any Guarantee Fee. The Charterer shall give the Shipowner prompt written notice of all payments by it of amounts equal to Guarantee Fees pursuant to this Section 3(e). Charterer also agrees to pay as an advance against the next Basic Charter Hire payment to the Shipowner in immediately available funds prior to 11:00 A.M. on the day that Obligations

are redeemed, as Supplemental Hire, an amount equal to the amount of unpaid interest accrued to the redemption date on any Obligations redeemed pursuant to Section 3.04 of Exhibit 1 to the Indenture.

(f) From and after the Obligation Closing Date, Charterer agrees to pay to the Indenture Trustee and the Depository on the Charter Hire Payment Date following presentation of their statement or statements of account (which shall be deemed due and payable on such Charter Hire Payment Date) as Supplemental Charter Hire amounts equal to the fees and the reasonable expenses and disbursements (including reasonable counsel and investigatory fees, if any), charged by the Indenture Trustee under Section 7.04 of Exhibit 1 to the Indenture (including any amounts due on indemnification) and by the Depository under Section 6 of the Depository Agreement.

(g) This Charter is a net bareboat charter, and no payments to be made by the Charterer under this Charter during the Charter Period shall be subject to any abatement, reduction, adjustment, right of set-off, counterclaim, recoupment or defense due to any present or future claims of the Charterer against the Shipowner or the Owner Participant under this Charter or otherwise, or against the Shipbuilder under the Construction Contract, or against any other party, or for any other reason whatsoever, nor shall the Charterer be entitled to retain any interest in or with respect to Basic Charter Hire or any Supplemental Hire which has already been paid to the Shipowner or to assert any right to any refund or adjustment in the event of termination of this Charter or otherwise. Except as herein otherwise provided in Sections 8, 14, 17 and 28 hereof the Charterer shall have no right to terminate this Charter before the end of the Charter Period, or be released, relieved or discharged from the obligation or liability to make all payments due hereunder for any reason whatsoever, including, without being limited to, the following: any breach of any representation or warranty of, or any act or omission of, the Shipowner under this Charter or any other agreement at any time existing between the Shipowner and the Charterer; any deprivation of use of the Vessels by reason of any act or omission of the Shipowner; any claims as a result of any other business dealings by the Shipowner, the Owner Participant, the Secretary or the Charterer; any reorganization, arrangement, insolvency, readjustment of debt, bankruptcy, dissolution or liquidation proceeding involving the Shipowner, the Owner Participant, the Secretary or the Charterer; any defect in, or damage to, or loss or destruction of, any of the Vessels from any cause; the requisitioning, seizure or other taking of title or use of any

of the Vessels by any government or governmental authority or otherwise whether or not by reason of any act or omission of the Shipowner, the Owner Participant, or the Secretary; the invalidity or unenforceability or lack of due authorization or other infirmity of this Charter; the lack of right, power or authority of the Shipowner to enter into this Charter; or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding. Compliance with this Section 3(g) by the Charterer shall not waive or release any claim, right or remedy of the Charterer against any party named herein or any other Person and the enforcement thereof by any means available to the Charterer not inconsistent with the provisions of this Section 3(g).

(h) Notwithstanding anything to the contrary contained in this Charter, Basic Charter Hire payable hereunder on any Charter Hire Payment Date shall be an amount not less than the principal of and interest on the Obligations scheduled to become due on such Charter Hire Payment Date.

(i) Notwithstanding anything in this Charter to the contrary, all payments required under this Charter to be made by the Charterer to the Shipowner which have been assigned to the Secretary pursuant to the Security Agreement shall be payable to the Depository for application pursuant to the terms of the Depository Agreement at the address for giving of notices set forth in Section 7 of the Depository Agreement or at such other place as the Depository shall direct in writing to the Charterer and the Shipowner.

(j) The Charterer agrees to pay as Supplemental Charter Hire to the Shipowner (i) on the date hereof the amount of interest accrued on the Secured Notes as shown on the notice from the Shipowner to the Lender given in accordance with Section 4.05 of the Interim Security Agreement and (ii) any additional amounts of interest owed thereon in accordance with the adjustment referred to in said notice. The Shipowner agrees to pay to the Charterer any portion of the payment referred to in Section 3(j)(i) which is refunded to the Shipowner by the Lender in accordance with such adjustment.

Section 4. Notice of Mortgage and Charter. On and after the Obligation Closing Date the Charterer agrees to keep and maintain in its principal office a true and properly certified copy of the Mortgage and any supplement thereto, and the master of the Vessels shall retain such copy with the ship's papers and shall exhibit the same to any and all persons having business with any Vessel which might give rise to any maritime

lien upon any Vessel (other than the lien of the Mortgage and liens for Master's and Crew's wages or salvage) and to any representative of the Shipowner or of the Secretary, as required by the terms of the Mortgage and the Security Agreement. Within a reasonable time after the Obligation Closing Date the Charterer shall also place on board each of the Vessels a permanent notice in plain type of such size that the paragraph of reading matter shall cover a space not less than six inches wide by nine inches high, which notice shall be prominently placed and affixed by means of a durable plate and shall read as follows:

"NOTICE OF FLEET MORTGAGE AND CHARTER

This Vessel is owned by The Connecticut Bank and Trust Company, not in its individual capacity but solely as trustee (the "Shipowner"), and is covered by a First Preferred Fleet Mortgage in favor of the United States of America under authority of the Ship Mortgage Act, 1920, as amended, and is under Bareboat Charter to Dravo Mechling Corporation. No person has any right to create or permit to be placed upon this Vessel any lien whatsoever other than liens for wages of a stevedore when employed directly by the Shipowner, Dravo Mechling Corporation or the master or agent of this Vessel and for the wages of the crew in respect of this Vessel under certain conditions, for general average, or for salvage, or certain liens subordinate to the Mortgage incident to current operations or for repairs."

The Charterer shall not allow the name of any Person other than the Shipowner to be placed on any of the Vessels as a designation which might be interpreted as indicating a claim of ownership thereof by any Person, but for the purposes of identification the Charterer or any assignee, subcharterer or operator permitted under Section 18 hereof shall have the right at its expense to paint the Vessel in its own colors, to install and display its insignia, and to fly its own house flag, or to utilize the colors, insignia, numbers, corporate logo or flag of any corporation controlling, controlled by, or under common control with, Charterer or any such other Person.

Section 5. Disclaimer of Warranties; Claims Under the Construction Contract. (a) Prior to the date hereof the Charterer has unconditionally accepted delivery of the Vessels on behalf of the Shipowner and under this Charter.

As between the Shipowner and the Charterer, acceptance of a Vessel by an employee or designee of the Charterer on behalf of the Shipowner shall be conclusive proof of the Vessel's compliance with all requirements of this Charter and with the

plans and specifications forming a part of the Construction Contract. NEITHER THE SHIPOWNER NOR THE OWNER PARTICIPANT SHALL BE DEEMED TO HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN THE VESSELS, OR AS TO THE MERCHANTABILITY OF THE VESSELS OR THE FITNESS OF THE VESSELS FOR ANY PARTICULAR USE OR PURPOSE OR ANY PARTICULAR TRADE OR AS TO THE DATE OF DELIVERY OF ANY VESSEL, it being agreed that all such risks, as among the Shipowner, the Owner Participant and the Charterer, are to be borne by the Charterer during the Charter Period except that the Shipowner represents and warrants that on the Delivery Date for each Vessel it has such title thereto as has been conveyed to it by the Shipbuilder, but subject to this Charter, the Trust Agreement, the Mortgage, and the rights of the Secretary under the Security Agreement. The Charterer's acceptance of delivery of a Vessel under this Charter shall be conclusive evidence, as between the Shipowner and the Charterer, that the Vessel is in all respects satisfactory to the Charterer and the Charterer will not assert any claim of any nature whatsoever against the Shipowner based on any of the foregoing matters other than the foregoing warranty of title by the Shipowner, including any claim for delay in delivery of the Vessel.

(b) Nothing contained herein shall in any way diminish or otherwise affect any right the Charterer or the Shipowner may have against the Shipbuilder, and the Shipowner, at the Charterer's sole cost and expense, agrees to take such action as the Charterer may reasonably request to permit the Charterer to assert and enforce, from time to time, in the name of and for the account of the Shipowner, whatever claims and rights the Shipowner may have as owner of the Vessels against the Shipbuilder or any vendors to the Shipbuilder of material included in the Vessels.

(c) So long as no Event of Default has occurred and is continuing, the Shipowner hereby irrevocably appoints and constitutes the Charterer as its agent and attorney in fact during the Charter Period to institute from time to time in the name and for the account of the Shipowner and/or the Charterer, as their interests may appear, at the Charterer's sole cost and expense, whatever claims and rights the Shipowner may have against the Shipbuilder or any of the Vessels or any supplier of any other equipment for use on or in connection with the Vessels. The Charterer will give the Shipowner timely notice of any action which is required to be taken or, in the Charterer's judgment, is advisable to be taken by or on behalf of the Shipowner in order to protect or enforce the Shipowner's or the Charterer's rights in respect of the Vessels under or

in respect of the Construction Contract (as affected by the Construction Contract Assignment) against the Shipbuilder.

(d) Any sums received under this Section 5 shall be subject to all assignments made to the Secretary under the Security Agreement or shall, if so directed by the Secretary, be used to redeem Obligations under Section 3.04 of the Indenture.

Section 6. Title to and Use of the Vessels; Documentation of the Vessels; No Liens. (a) The Shipowner retains full legal title to the Vessels notwithstanding their delivery to and possession and use by the Charterer hereunder, and Charterer obtains no rights in the Vessels other than those set forth herein. The Shipowner hereby agrees, for the benefit of the Secretary, that no person shall have the right, power or authority to create, incur or permit to be placed or imposed upon the Vessels any liens whatsoever other than the Mortgage, the Charter, and liens permitted by the Mortgage and the Security Agreement. So long as no Event of Default shall have occurred and be continuing, Charterer shall have exclusive possession, control and use of the Vessels during the Charter Period and the Charterer shall man, victual, navigate, operate, supply, fuel, maintain and repair (subject to this Charter) the Vessels at its own expense or by its own procurement throughout the Charter Period. The Shipowner hereby covenants that if, and so long as, no Event of Default shall have occurred and be continuing the Charterer shall have all the rights of possession, use and quiet enjoyment of the Vessels chartered hereunder without hindrance or molestation by the Shipowner or any other person claiming the same by, through or under the Shipowner as a result of acts or omissions of the Shipowner; provided, however, that neither the Shipowner nor the Owner Participant shall have any responsibility for the acts of the Secretary (including, without limitation, any acts of the Secretary in accordance with the provisions of Section 6.01(b)(6), 6.04 and 6.07 of Exhibit I to the Security Agreement) and the Charterer hereby waives any remedies it may have at law or in equity against the Shipowner or the Owner Participant as a result of any such acts of the Secretary. During the Charter Period, the possession, use, operation and maintenance of the Vessels shall be at the sole risk, cost and expense of the Charterer.

(b) At or before the time of delivery of each Vessel to Charterer hereunder on the applicable Delivery Date, the Charterer shall, at the Charterer's expense, cause such Vessel to be documented in the name of the Shipowner under the laws and flag of the United States. The Charterer agrees to maintain throughout the Charter Period the documentation of the Vessels

in the Shipowner's name under the laws and flag of the United States. The Shipowner will, upon the request of the Charterer, execute such documents and furnish such information as the Charterer may reasonably require to enable the Charterer to maintain such documentation.

(c) The Charterer shall, without extra cost, have the use of such equipment, outfit, appliances, tools, spare and replacement parts, non-consumable stores, etc., as shall be provided for the Vessels by the Shipowner or the Shipbuilder under the Construction Contract or other contracts. The same or any replacements thereof from time to time made by Charterer shall be returned to the Shipowner on redelivery of the Vessels in the same good order and condition as received, ordinary wear and tear and ordinary depreciation excepted. The Charterer shall provide such additional equipment, outfit, appliances, tools, spare and replacement parts, non-consumable stores, etc., as shall not be provided by the Shipowner or the Shipbuilder under the Construction Contract or other contracts and as shall be required for operation of the Vessels. Such equipment, etc., shall remain the property of the Charterer and the Charterer shall remove the same at its expense at or before redelivery of the Vessels. Leased equipment may be placed on board the Vessels by the Charterer, but all such leased equipment shall be removed at its own expense by the Charterer prior to redelivery.

(d) The Charterer shall not directly or indirectly create, incur, assume or suffer to exist any Liens on or with respect to any of the Vessels, or any part thereof, title thereto or any interest therein, and agrees to warrant and defend the title to and possession of the Vessels and every part thereof against all Liens, in each case except (i) Shipowner's Liens or Owner Participant's Liens and (ii) Liens permitted by Section 2.04(a)(.) of the Security Agreement. Charterer will promptly, at its own expense, take such action as may be necessary duly to discharge or eliminate or bond any Lien not excepted above if the same shall arise at any time. Except for any Liens expressly permitted by this Section 6(d), the Charterer will notify the Shipowner, the Owner Participant and the Secretary of any Lien that shall attach to any Vessel, or part thereof, or interest therein, within ten days of the Charterer's learning of such attachment, together with full particulars thereof, and will promptly cause the same to be discharged.

(e) The Charterer will not knowingly charter any of the Vessels to, or knowingly permit any of the Vessels to serve under any contract with, a person included within the definition of "designated foreign country" or "national" of

a "designated foreign country" in the Foreign Assets Control Regulations or Cuban Assets Control Regulations of the United States Treasury Department, 31 C.F.R., Chapter V, as now or hereafter amended, within the meaning of said Regulations or of any regulation, interpretation or ruling issued thereunder, nor will it charter or otherwise permit any of the Vessels to be used in any fashion which will subject the Vessels to forfeiture under the laws of the United States. The Charterer will not remove the Vessels beyond the limits of the United States, abandon any Vessel in any foreign port or carry any cargo that will expose any Vessel to penalty, forfeiture or capture.

(f) The Charterer represents and warrants that it was duly organized and is now existing as a corporation under the laws of the State of Delaware, that it shall maintain its corporate existence, that it is a citizen of the United States within the meaning of Section 2 of the Shipping Act, 1916, as amended, and shall remain such a citizen, qualified for the purpose of operation of the Vessels in the trade or trades in which Charterer proposes to operate the Vessels and qualified for operation in any other trades in which the Vessels are operated from time to time and that in the event the Charterer shall cease to be such a citizen, or shall cease to be so qualified, the Charterer shall notify the Shipowner and the Secretary thereof as soon as it obtains knowledge of such fact and that within 30 days after the date of each annual meeting of its stockholders (or any written consent in lieu thereof), the Charterer shall submit to the Shipowner and to the Secretary such supplemental proof of citizenship as the Secretary may deem appropriate to establish that it remains such a citizen of the United States and is qualified as provided in this sentence.

Section 7. Maintenance, Certification, Repairs.

(a) During the Charter Period the Charterer at its expense shall at all times maintain and preserve the Vessels in at least as good a condition as on the Delivery Date and in good running order and repair, in accordance with good commercial maintenance practices in all respects similar or superior to those practices which the Charterer currently undertakes to preserve and maintain other vessels of similar size, design and class within its barge fleet, in each case except for ordinary wear and tear as provided in Section 16(a) hereof, so that the Vessels shall be, in so far as due diligence can make them so, tight, staunch, strong and well and sufficiently tackled, apparelled, furnished, equipped and in every respect seaworthy and in good operating condition.

(b) The Vessels shall be repaired, overhauled, dry-docked, cleaned and painted by the Charterer at its expense whenever necessary to maintain and preserve the Vessels in accordance with Section 7(a) hereof.

(c) The Shipowner and the Secretary (or any Person or Persons designated by the Shipowner or the Secretary) shall have the right but not the obligation, on reasonable notice, to inspect the Vessels, their cargo and papers in a reasonable manner and at reasonable times in order to ascertain whether the Vessels are being repaired and maintained. The Charterer shall also permit the Shipowner and the Secretary (or any Person or Persons designated by the Shipowner or the Secretary) to inspect the Charterer's books, records and accounts with respect to any Vessel, whenever requested on reasonable notice, and shall at its expense furnish the Shipowner and the Secretary with full information regarding any casualty or other accident or damage to a Vessel if the potential liability exceeds \$1,000,000 or cost of repair arising from such casualty, accident or damage exceeds \$50,000 with respect to a Vessel; provided that if a Security Default has occurred and is continuing the Charterer shall give such information regarding any potential liability to the Secretary; provided further that unless such Security Default was caused by a failure of the Charterer to perform its obligations hereunder the obligation in the preceding proviso shall apply only to Security Defaults of which the Charterer has actual knowledge.

(d) The Charterer shall perform or cause to be performed at least once each five years with respect to each of the Vessels, and at any other time required by the Secretary, such surveys and inspections or take such other actions as are necessary to prove or establish that the Vessels have been maintained in accordance with the requirements of Section 7(a) hereof; such survey and inspection will be performed by a marine surveyor satisfactory to the Shipowner and the Secretary. The Charterer shall furnish two copies of the report of such marine surveyor to the Shipowner and the Secretary within 15 days of such survey and inspection. In addition the Charterer shall provide annually to the Secretary, the Owner Participant and the Shipowner a certificate stating that the Vessels have been maintained in accordance with the requirements of this Section 7.

Section 8. Charterer's Changes and Equipment. (a) Except as otherwise specifically permitted hereby, the Charterer shall make no structural changes in any of the Vessels that would result in a violation of Section 7 hereof or Section 2.04(h) of the Security Agreement without, in each instance,

first securing written approval of the Shipowner and the Secretary. Subject to this Section 8, Charterer shall have the right to install any pumps, gear or equipment it may require in addition to that on board the Vessels on the applicable Delivery Date, provided that such installations are accomplished at the Charterer's expense and risk and provided further that such installation shall be readily removable without causing material damage to such Vessels. Pumps, gear or equipment so installed shall remain the property of the Charterer and the Charterer shall remove the same at the expense of the Charterer prior to the redelivery of the Vessels.

(b) In addition, subject to the first sentence of Section 8(a) hereof, the Charterer at its own expense may from time to time make such alterations to the Vessels of a permanent, structural nature as the Charterer may deem desirable in the proper conduct of its business; provided, however, that (i) no such alteration shall diminish the value, utility, capacity or operating condition of any Vessel below the value, utility, capacity and operating condition thereof immediately prior to such alteration assuming such Vessel was then in the condition required to be maintained by the terms of this Charter and (ii) all such alterations are readily removable from such Vessel without diminishing or impairing the value, utility, capacity or operating condition which such Vessel would have had at such time had such alterations not been made assuming such Vessel was then in the condition required to be maintained by the terms of this Charter and are capable of being so removed without causing material damage thereto, or, if not capable of being so removed, represent a nonseverable improvement ("Nonseverable Improvement") which both satisfies the conditions of Section 4(4).03(B) of Rev. Proc. 75-21 ("Rev. Proc. 75-21"), 1975-1 C.B. 715, as amended by Rev. Proc. 79-48 ("Rev. Proc. 79-48"), 1979-2 C.B. 529, and is described in subparagraph (i) or (ii) of Section 4(4).03(C) of Rev. Proc. 75-21. Alterations shall be considered readily removable without material damage to a Vessel if (i) they can be removed in good and workmanlike manner with reasonable dispatch and (ii) after such removal the condition of the Vessel can be restored in all material respects to the same value, utility, capacity and operating condition which such Vessel would have had at such time had such alterations not been made assuming such Vessels were then in the condition required to be maintained by the terms of this Charter. All alterations made pursuant to this Section 8 shall be completed in a good and workmanlike manner and with reasonable dispatch. Title to all parts added to a Vessel as a result of any alteration constituting or installed in a Nonseverable Improvement shall, without further act, vest in the Shipowner free and clear of all liens, encumbrances and rights of others

except those permitted hereunder, become subject to this Charter and subject to the first mortgage and security interest of the Mortgage and the Security Agreement. Title to all such parts not constituting or installed in a Nonseverable Improvement shall remain in the Charterer or such other owner as may have provided the same to the Charterer, may be removed from the Vessel by the Charterer or such other owner at any time, provided that such removal does not damage the Vessel (or any such damage is promptly repaired in good and workmanlike manner) and the Vessel after such removal is restored to the value, utility, capacity and operating condition which such Vessel would have had at such time had such alterations not been made assuming such Vessel was then in the condition required to be maintained by the terms of this Charter, and shall not constitute a part of the Vessel for any purposes hereof. In the event that Charterer has not elected to exercise its renewal rights in accordance with Section 21 hereof, then, as of the end of the Charter Period, the Shipowner shall have the right to purchase any part described in the preceding sentence which is owned by the Charterer at the end of the Charter Period for the fair market sales value thereof, as determined by agreement of the Charterer and the Shipowner or in the absence of such agreement by the Appraisal Procedure; provided that the Shipowner has given the Charterer notice of its election to purchase such part not less than six months before the expiration of the Charter Period. Any such part which the Shipowner has not so elected to purchase shall be removed from the Vessel by the Charterer prior to the expiration of the Charter Period in a good and workmanlike manner so as not to cause any material damage to the Vessel and so that the Vessel is restored to the value, utility, capacity and operating condition which such Vessel would have had at such time had such part not been added assuming such Vessel was then in the condition required to be maintained by the terms of this Charter.

(c) Provided no Event of Default has occurred or is continuing, in the event the Charterer in its judgment, as evidenced by a resolution of its Board of Directors, shall determine that any one or more Covers are obsolete or surplus for the Charterer or not suitable for further use by the Charterer, the Charterer may alter the related Vessel or Vessels by removing such Cover or Covers and arranging for the sale (subject to the consent of the Secretary) of such Cover or Covers for cash on behalf of the Shipowner (but at the Charterer's sole expense) to the highest bidder (which may not be the Charterer or any of its Affiliates) on any Charter Hire Payment Date on or after March 18, 1992. The Charterer shall give the Shipowner and the Secretary written notice of such intended sale at least 20 days prior to the solicitation of bids therefor

and at least 60 days prior to the proposed date of sale. Upon receipt of such notice the Shipowner agrees promptly to take such action as shall from time to time be reasonably requested by the Charterer to obtain the written consent of the Secretary required for a sale of the Covers pursuant to Section 8.01 of Exhibit 1 to the Indenture and Sections 2.04(b) and 9.01 of Exhibit 1 to the Security Agreement. Upon receipt of such consent the Shipowner agrees promptly to send to the Indenture Trustee the Request and Officer's Certificate contemplated by Article Third (c) of the Indenture for a redemption of the Proportionate Part of the Obligations and to so redeem such Obligations.

On the date of such sale the Shipowner shall sell such Cover for cash to the highest bidder without recourse or warranty of any kind provided that such Cover shall be free from any Shipowner's Lien or Owner Participant's Lien. Upon such sale of a Cover, the Shipowner's Cost of the related Vessel shall be reduced by the amount set forth in the Charter Supplement for such Vessel under the caption "Shipowner's Cost of Covers" and the Charterer shall pay to the Shipowner on the Charter Hire Payment Date on which such sale occurs (in addition to any other Hire then due and payable) the excess, if any, of the Termination Value for such Cover (computed as of such Date) over the sales price therefor less any reasonable expenses incurred by the Shipowner in connection with such sale. Any excess of such sales price over such Termination Value shall be paid to or retained by the Shipowner.

Section 9. Insurance. (a) The Charterer shall, without cost to the Shipowner, keep the Vessels insured against such risks and in such form (including, without limitation, the form of the loss payable clause and the designation of named assureds in addition to the Shipowner) as the Secretary may specify under the provisions of the Security Agreement, provided that the amount of hull and machinery insurance as to each Vessel (plus any permitted deductible) shall in no event be less than the greater of the full commercial market value of any Vessel as determined by the Secretary or the applicable Stipulated Loss Value of such Vessel. All policies for such insurance so taken out shall provide that (1) there shall be no recourse against the Shipowner or the Owner Participant or the Secretary for the payment of premiums, club calls or commissions, (2) if such policies provide for the payment of assessments, advances, or deductibles there shall be no recourse against the Shipowner or the Owner Participant or the Secretary for the payment thereof, (3) at least thirty (30) days' prior notice shall be given to the Shipowner and the Secretary by the underwriters in the event of any actual or proposed cancellation

or reduction of coverage, (4) the insurer shall not seek contribution from any insurance carried by the Secretary, the Shipowner or the Owner Participant, (5) the insurer waives subrogation against the Charterer and (6) there shall be breach of warranty coverage for the benefit of the insureds other than the Charterer.

(b) So long as there shall not have occurred and be continuing an Event of Default (and the underwriters may, for purposes of this Section 9, rely on a certificate of an officer of the Charterer as to the existence of an Event of Default) and subject to the provisions of the Security Agreement, (i) any loss under any insurance on a Vessel with respect to protection and indemnity risks may be paid directly to the Charterer to reimburse it for any loss, damage or expense paid by it and covered by such insurance or to the Person to whom any liability covered by such insurance has been insured and (ii) in the case of any loss (other than a loss covered by clause (i) of this Section 9(b) or by Section 9(c) hereof) under any insurance with respect to a Vessel involving any damage to the Vessel, the underwriters may pay directly for the repair, salvage or other charges involved or, if the Charterer shall have first fully repaired the damage or paid all of the salvage or other charges, may pay the Charterer as reimbursement therefor.

(c) Subject to the provisions of the Security Agreement, all payments of insurance proceeds received on account of an Event of Loss with respect to a Vessel or a Cover shall be paid to the Shipowner up to an amount equal to the Stipulated Loss Value applicable to such Vessel in accordance with the provisions of Section 14 hereof, and the balance, if any, shall be paid to the Charterer or to whomsoever may be entitled thereto.

(d) The Charterer shall carry such workmen's compensation or longshoremen's and harborworkers' compensation insurance as shall be required by applicable law.

(e) The Charterer shall if requested deliver to the Secretary and the Shipowner a certified true copy of all policies evidencing insurance maintained under this Charter; provided that original policies shall be made available for inspection to the Secretary or the Shipowner promptly upon written request. On the first Obligation Closing Date and annually thereafter and at such other times as the Shipowner or the Secretary may reasonably request, the Charterer shall furnish to the Shipowner and to the Secretary a detailed certificate or opinion (signed by a firm of marine insurance brokers selected by the Charterer and approved by the Shipowner) as to the insurance maintained

by the Charterer pursuant to this Section 9, specifying and stating, in effect, that such insurance complies in all respects with the applicable requirements of this Section 9.

(f) Nothing in this Section shall limit any additional insurance coverage which the United States may require pursuant to any other contract or agreement to which the United States and the Charterer are parties.

(g) The Charterer will not do any act, nor suffer any act to be done, whereby any insurance coverage of or for the benefit of the Secretary, the Shipowner or the Owner Participant required hereunder shall or may be suspended, impaired or defeated.

(h) All policies of insurance procured and kept in force hereunder by the Charterer shall insure against and cover all of the risks required to be insured and covered with respect to the Vessels or the operation thereof by the Shipowner under the provisions of the Security Agreement and of the Mortgage and shall comply with the requirements of the Security Agreement and the Mortgage as to amounts, underwriters, and loss payable provisions, and in all other respects shall be such as to constitute full compliance with the provisions hereof and with the obligations of the Shipowner under the Security Agreement and the Mortgage. Without limiting the generality of the foregoing, Section 2.07 of Exhibit 1 to the Security Agreement is incorporated herein by reference and shall form a part hereof as if such provisions were fully set forth herein. In the event of a conflict between the requirements of the Security Agreement and this Section 9, the requirements of the Security Agreement will prevail.

Section 10. Statutory Benefits. This Charter is not a personal contract. The Shipowner shall have the benefit of all limitations of and exemptions from liability accruing to owners of Vessels by any statute or rule of law for the time being in force, and Charterer shall have the benefit of all limitations of and exemptions from liability accruing to owners or charterers of vessels by any statute or rule of law for the time being in force; provided, however, that such limitations of and exemptions from liability shall not in any way affect the obligations of the Charterer to the Shipowner and the Secretary under this Charter or otherwise.

Section 11. Compliance with Laws. The Charterer hereby covenants that: (i) the Charterer shall comply with all applicable laws, regulations, requirements and rules, domestic and foreign, with respect to the registration,

licensing, use, maintenance and operation of the Vessels (unless otherwise required by any military authority of the United States and except during any period when (1) the use or title of the Vessel has been taken, requisitioned or chartered by any government or governmental body, (2) there has been an Event of Loss with respect to any Vessel, or (3) there has been any other loss with respect to any Vessel and the Charterer shall not have had a reasonable time to repair the same) including, without limitation, all applicable laws, rules and regulations administered by the United States Coast Guard, the Bureau of Customs, the Treasury Department, the Federal Communications Commission, the Environmental Protection Agency, the Public Health Service, the Department of Transportation and their successors, except to the extent that, with the prior written consent of the Shipowner and the Secretary (which consent shall not be unreasonably withheld), such requirements shall then be contested in good faith by the Charterer; (ii) the Charterer shall keep in its offices, as and when required thereby, valid certificates showing compliance therewith; and (iii) the Charterer will make any changes or additions to the Vessels required by any applicable laws or applicable rules or regulations thereunder. Where such compliance requires the execution and delivery by the Shipowner of any instruments or the taking of any other action by the Shipowner, the Charterer will in a timely manner prepare and submit to the Shipowner such instruments and specify in writing to the Shipowner the action by it so required.

Section 12. Concerning Shipowner. All of the statements, representations, covenants and agreements made by The Connecticut Bank and Trust Company (or any entity acting as successor trustee) in its capacity as trustee under the Trust Agreement or in its individual capacity, or made by any officer of The Connecticut Bank and Trust Company (or any entity acting as successor trustee), and contained in this Charter or the documents delivered with respect thereto and all documents constituting part of the Security while in form purporting to be made by The Connecticut Bank and Trust Company (or any entity acting as successor trustee) in its capacity as trustee under the Trust Agreement or in its individual capacity or made by such officer, are, except to the extent expressly provided below in this Section 12, nonetheless made and intended only for the purpose of binding the Trust Estate and establishing the existence of rights and remedies provided for in this Charter, and such other documents which can be exercised and enforced against the Trust Estate. Therefore, anything contained in any of the aforesaid documents to the contrary notwithstanding, no recourse shall be had for the payment of any amounts due under this Charter or shall be had for any claim based on any

provision of any of the documents referred to in the preceding sentence hereof, against The Connecticut Bank and Trust Company (or any entity acting as successor trustee) in its capacity as trustee under the Trust Agreement or in its individual capacity, and The Connecticut Bank and Trust Company (or any such entity acting as such successor trustee) shall not have any personal obligation, liability or duty whatsoever to the Charterer or any other Person for or with respect to any such payment, the performance of or compliance with any statement, representation, covenant or agreement made in any such document except personal liability for its own gross negligence or willful misconduct and personal liability for breach of the Bank's covenants in Section 17 or representations in Section 6 of the Participation Agreement. Nothing contained in this Section 12 shall be construed to limit the exercise and enforcement, in accordance with the terms of this Charter and the other documents constituting part of the Security, of the rights and remedies of the Charterer against the Security.

Section 13. Additional Covenants of the Charterer.
During the Charter Period and so long as any amounts are due from the Charterer under this Charter:

(a) The Charterer will deliver to the Shipowner, the Owner Participant and the Secretary, in duplicate:

(i) as soon as available, and in any event within 105 days after the end of each fiscal year of the Charterer, a consolidated balance sheet of the Charterer as of the end of such fiscal year and the related consolidated statements of income and retained earnings for such fiscal year, certified by independent public accountants of nationally recognized standing selected by the Charterer, all in reasonable detail and setting forth in comparative form the corresponding figures for the preceding fiscal year;

(ii) as soon as available, and in any event within 90 days after the end of the semi-annual accounting period in each fiscal year of the Charterer, a consolidated balance sheet of the Charterer as of the end of such period and the related consolidated statements of income and retained earnings for such period, all in reasonable detail and setting forth in comparative form the corresponding figures for the comparable period of the preceding fiscal year; and

(iii) such other financial information relating

to the affairs of the Charterer as the Shipowner, the Owner Participant or the Secretary may reasonably request.

All such financial statements shall fairly present the financial condition and results of operations of the Charterer and any consolidated subsidiaries at the dates and for the periods specified therein and shall be prepared in accordance with generally accepted accounting principles consistently applied throughout the periods covered thereby, except for immaterial changes and except for any material change in accounting principles specified in the related notes or in the accompanying certificate.

(b) The Secretary and the Shipowner (or any Person or Persons designated by the Shipowner or the Secretary) shall have the right to discuss the affairs, finances and accounts of Charterer relative to the Vessels with the officers thereof, all at such reasonable times and as often as the Secretary or the Shipowner may desire, subject to such constraints regarding confidentiality as the Charterer may reasonably require.

(c) Average adjusters shall be appointed by the Charterer from a list of adjusters satisfactory to the Shipowner. General and particular average losses shall be adjusted according to the laws and usages at the port or place in the United States selected by the Charterer. The Charterer agrees to assist the adjuster in preparing the average statement and to take all other possible measures to protect the interests of the Vessels and the Shipowner.

(d) The Charterer will comply with all the terms and conditions of the Commitment to Guarantee Obligations.

(e) The Charterer will not at any time during the term of the Charter use, fail to use or permit or suffer to be used any Vessel in such way as to disqualify it as "Section 38 property" within the meaning of Section 48(a) of said Code.

(f) To the extent permissible, the Charterer will prepare and file in timely fashion or, where the Shipowner is required to file, prepare and deliver (or cause to be prepared and delivered) to the Shipowner within a reasonable time prior to the date for filing any reports, certificates, applications, licenses, notices, consents, bonds, agreements, requests, orders or any other instruments

or documents with respect to the Vessels, this Charter or any of the transactions contemplated hereby which are required by any federal, state or other governmental or regulatory authority. The Shipowner will take, at Charterer's cost, reasonable steps to furnish to the Charterer such information relating thereto as the Charterer may reasonably request and otherwise cooperate with the Charterer in connection therewith. The Charterer will take, at Charterer's cost, reasonable steps to furnish to the Shipowner such information relating to the Shipowner's tax reports and returns as the Shipowner may reasonably request and otherwise cooperate with the Shipowner in connection therewith. Nothing in this Section 13(f) shall require disclosure to any Person of trade secrets or information the disclosure of which is prohibited by law.

(g) The Charterer shall comply with the provisions of Section 12 or 13, whichever is applicable pursuant to the terms thereof, of Exhibit 1 to the Restricted Title XI Reserve Fund and Financial Agreement or the Title XI Reserve Fund and Financial Agreement referred to in the Security Agreement.

(h) The Charterer and the Shipowner hereby agree to indemnify the Secretary to the same extent as if the Secretary were named as an Indemnitee under Sections 10 and 12 and under Section 17, respectively, of the Participation Agreement.

Section 14. Loss, Destruction, Requisition, Etc.

(a) Upon the occurrence of an Event of Loss with respect to a Vessel, the Charterer shall forthwith (and in any event within fifteen days after such occurrence) give the Shipowner and the Secretary written notice of such Event of Loss specifying a date not more than 75 days after the date of the occurrence of the Event of Loss, and not less than 50 days after the date such notice is given by the Charterer, on which the Charterer will make the payment specified in the following paragraph (which date is herein called the "Loss Payment Date"). Promptly after receipt of such notice, the Shipowner shall (i) give to the Indenture Trustee written instructions to redeem Outstanding Obligations on the Loss Payment Date pursuant to Section 3.05 of Exhibit 1 to the Indenture and (ii) take such actions as shall from time to time be reasonably requested by the Charterer to cause the Secretary to give to the Indenture Trustee the written instructions to so redeem Outstanding Obligations as contemplated by said Section

3.05. The Charterer shall continue to pay Basic Charter Hire when due on any Charter Hire Payment Date occurring during the period from and including the occurrence of the event giving rise to the Event of Loss to and including the Loss Payment Date.

The Charterer shall pay to the Shipowner on the Loss Payment Date an amount equal to the sum of (a) the Stipulated Loss Value for such Vessel determined as of the Charter Hire Payment Date on or immediately preceding the Loss Payment Date, plus (b) interest, at the rate of interest on the Obligations, on the amount specified in clause (a) of this paragraph for the period from such Charter Hire Payment Date to and including the Loss Payment Date plus (c) all other Hire (including, without limitation, Basic Charter Hire due through the Charter Hire Payment Date on or immediately preceding the Loss Payment Date) due on or prior to the Loss Payment Date. In the event of payment in full of such Stipulated Loss Value and all other Hire then due hereunder, the obligation of the Charterer to pay Basic Charter Hire hereunder with respect to such Vessel after such Loss Payment Date shall terminate, provided that the Charterer shall remain liable for all payments of Hire for such Vessel due on or before the date of such payment of Stipulated Loss Value.

(b) [Omitted.]

(c) Subject to Section 2.09 of Exhibit 1 to the Security Agreement, payments received at any time by the Shipowner or by the Charterer from any governmental authority or other Person with respect to an Event of Loss or Cover Casualty resulting from the condemnation, confiscation, theft or seizure of, or requisition of title to or use of a Vessel or a Cover will be applied to reimburse the Shipowner for costs and expenses incurred in connection therewith and then to pay the Shipowner so much of such payments remaining as shall not exceed the Stipulated Loss Value required to be paid by the Charterer in connection therewith in reduction of the Charterer's obligation to pay such Stipulated Loss Value, if not already paid by the Charterer, or, if already paid by the Charterer, shall be applied to reimburse the Charterer for its payment of such Stipulated Loss Value, or, if such payments are in respect of a Cover which has been replaced by the Charterer pursuant to the first paragraph of Section 28 hereof, shall be applied to reimburse the Charterer for its costs of replacement, and the balance, if any, of such payments remaining thereafter will be paid over to, or retained by, the Shipowner.

(d) In the event of the requisition for use by the

United States or any instrumentality or agency thereof (for purposes of this Section 14(d) called the "Government") or by any other governmental authority of a Vessel, the Charterer shall promptly notify the Shipowner and the Secretary of such requisition, and all of the Charterer's obligations under this Charter with respect to said Vessel shall continue to the same extent as if such requisition had not occurred; provided that if such requisition is by such other governmental authority and is for a period in excess of 180 days or is by the Government or such other governmental authority and continues beyond the termination of the Charter Period an Event of Loss shall be deemed to occur on the 181st day after such requisition or on the last day of the Charter Period, as the case may be. All payments received by the Shipowner or the Charterer from the Government for the use of said Vessel shall be paid over to, or retained by, the Charterer. Notwithstanding the preceding sentence, if a requisition of use results in an Event of Loss, such payments shall be disbursed as provided in Section 14(c) hereof.

(e) Any amount referred to in Section 14(c) or 14(d) hereof which is payable to the Charterer, shall not be paid to the Charterer if at the time of such payment an Event of Default shall have occurred and be continuing, but shall be held by the Shipowner for the account of the Charterer in a segregated interest-bearing account with a banking institution selected by the Shipowner without any duty to maximize the return thereon and, if the Shipowner declares this Charter to be in default pursuant to Section 19 hereof, such amount shall be applied (together with any such interest) against the Charterer's obligations hereunder as and when due. At such time as there shall not be continuing any such Event of Default such amount shall be paid to the Charterer to the extent not previously applied in accordance with the preceding sentence.

Section 15. Mortgage and Security Agreement. The Charterer agrees that it will not take any action under this Charter or otherwise which would violate, or cause the Shipowner to violate, any of the provisions of the Mortgage or the Security Agreement and will request that the Shipowner effect any actions which, in the opinion of the Charterer, are necessary in order to establish and maintain the Mortgage as a preferred mortgage under the Ship Mortgage Act, 1920, as amended. The Shipowner agrees to effect the reasonable actions so requested and may rely on an opinion of counsel for the Charterer in so doing. The Charterer further agrees to perform all of the covenants of the Shipowner set forth in the Mortgage or the Security Agreement to the extent such covenants are by their nature capable of being performed by the Charterer. Upon request of

the Charterer the Shipowner agrees to take all reasonable steps to release from the liens of the Security Agreement and the Mortgage any Vessel or Cover removed from this Charter pursuant to Section 8, 14, 17, or 28 hereof.

Section 16. Redelivery. (a) Except to the extent that the Charterer has been relieved of the obligation by the occurrence of an Event of Loss or the provisions of Section 17 hereof with respect to one or more of the Vessels, the Charterer at its own expense shall redeliver (with 30 days written notice of the time of redelivery) each of the Vessels to the Shipowner at the expiration of the Charter Period and the extension period, if any, provided for in this Section 16, at such port or ports on the Mississippi River in the New Orleans or Baton Rouge area as the Shipowner may designate not less than 30 days prior to the expiration of the Charter Period or extension period, as the case may be, or in the absence of such designation as the Charterer may elect, in such good order and condition as when delivered hereunder and in the condition required by Section 7(a) hereof except for depreciation and ordinary wear and tear as might reasonably be expected for vessels of similar age, class, and design engaging in operations normal to the Charterer's industry. Corrosive wear resulting from and directly attributable to the transportation of corrosive material, as defined in 49 C.F.R. §173.240 and itemized in 49 C.F.R. §172.101 (as said regulations may be amended from time to time) shall not be considered ordinary wear and tear for purposes of the preceding sentence and Section 7(a) hereof (although this provision shall not prohibit the Charterer from using the Vessel to carry corrosive materials). The Vessels shall be redelivered charter free, cargo free, with no unfulfilled requirements of any governmental agency or department having jurisdiction in the premises, and free and clear of all Liens, except for any Shipowner's Liens or Owner Participant's Liens.

(b) This Charter shall be extended, at a daily charter hire rate equal to the quotient of (i) the amount of Basic Charter Hire of the Vessel or Vessels not redelivered and due for the period ending on the preceding Charter Hire Payment Date divided by (ii) 180, or pro rata for periods less than a day, for the duration of any voyage in progress at the time of expiration of the Charter Period and for such additional period as shall reasonably be required to effect redelivery. During such extension period, if any, all of the obligations of the Charterer under this Charter in respect of the Charter Period (other than the payment of Basic Charter Hire which shall be payable as set forth above) shall continue in respect of such extension period.

(c) The Charterer shall permit access to the Vessels at all reasonable times during the last six months of the Charter Period to the Shipowner or the Owner Participant and to persons designated by the Shipowner or the Owner Participant in connection with any prospective sale or charter of the Vessels by the Shipowner, and shall permit the superficial inspection of the Vessels by such persons; provided, however, that the exercise of such rights shall in no way unreasonably interfere with the use by the Charterer of the Vessels.

(d) Upon the redelivery of each Vessel, the Charterer will make such Vessel available to the Shipowner at the port of redelivery for inspection by the Owner Participant. The Charterer, at its expense, will fully correct and repair any condition disclosed by such inspection to the extent necessary to cause such Vessel to comply with the terms of Section 7(a) and 16(a) hereof. In the event the Owner Participant and the Charterer do not agree on the nature of the corrections or repairs to be made, an independent marine surveyor reasonably satisfactory to the Owner Participant and the Charterer shall be selected who shall make such determination. Such determination shall be final and binding on the parties hereto. The Charterer and the Owner Participant shall equally share the costs and expenses of such surveyor.

(e) Upon redelivery of each Vessel hereunder, the Charterer will provide storage for such Vessel at a location on the Mississippi River in the New Orleans or Baton Rouge area selected in the sole discretion of the Charterer, without cost to the Shipowner or the Owner Participant, for a period of forty-five (45) days from (but not including) the date of the redelivery of such Vessel as aforesaid; provided that if suitable storage space is available at any location where the Charterer stores its own Vessels, the Vessels shall be stored at such a location, and in all events the location at which the Vessels are stored shall be no less secure than the locations at which the Charterer stores its own vessels. In the event the Shipowner or the Owner Participant insists on redelivery pursuant to Section 16(a) hereof at any other location, the Charterer shall have no such obligation to provide storage for the Vessels. During such forty-five (45) day period the Charterer shall permit access to such Vessel at all reasonable times to the Shipowner, the Owner Participant and to Persons designated by either of them in connection with any prospective sale or charter of such Vessel by the Shipowner, and shall permit the full inspection of such Vessel by such Persons, which inspection shall be at the sole cost and expense of the Shipowner, the Owner Participant or such Persons. During the period of such storage the entire

risk of loss for such Vessels (except if due to the negligence of the Charterer) is for the Shipowner and the Charterer shall have no responsibility for insurance, maintenance, taxes or repair with respect to the Vessels. Notwithstanding the foregoing, if after redelivery of the Vessels it is determined in accordance with Section 16(d) hereof that one or more Vessels must be repaired or corrected by the Charterer, the storage period for such Vessels shall be extended until the completion of such repair or correction.

Section 17. The Charterer's Option to Terminate upon Vessel Becoming Obsolete or Surplus. Notwithstanding any provision herein contained to the contrary, in the event that the Charterer shall in its judgment, as evidenced by a resolution of its Board of Directors, determine that any or all of the Vessels shall have become obsolete or surplus to the requirements of the Charterer for whatever reason or unsuitable for continued use in its business, the Charterer shall have the right at its option, on at least sixty (60) days' prior written notice to the Shipowner and the Secretary, to terminate this Charter with respect to any such Vessel on the date (for the purpose of this Section 17 called the "Termination Date") specified in such notice provided that (a) the Termination Date shall be a Charter Hire Payment Date occurring on or after March 18, 1992, (b) on the Termination Date no Event of Default shall have occurred and be continuing or would have occurred and be continuing with the passage of time or the giving of notice or both, and (c) on the Termination Date such Vessel shall be in the same condition as if being redelivered pursuant to Section 16 hereof. Upon receipt of such notice the Shipowner agrees promptly to send to the Indenture Trustee the Request and Officer's Certificate contemplated by Article Third (c) of the Indenture for a redemption of Obligations in an amount equal to the Proportionate Part of the Outstanding Obligations attributable to such Vessel. During the period from the giving of such notice until the Termination Date, the Charterer, at its own expense, as agent for the Shipowner, shall use its best efforts to obtain bids for the purchase of such Vessel, and the Charterer shall certify to the Shipowner the amount of each such bid and the name and address of the party submitting such bid. The Charterer shall in its sole discretion have the right to reject any bid. On the Termination Date (or on such later date as the Shipowner and the Charterer may mutually agree) the Shipowner shall, subject to the obtaining of any governmental consents required, sell such Vessel for cash to the bidder who shall have submitted the highest bid prior to the Termination Date unless the Charterer shall have rejected such bid, provided that any purchaser shall not be the Charterer or any Affiliate of the Charterer. The total sales price realized at such sale shall

be paid to the Shipowner, and, in addition, on the date of such sale, the Charterer shall pay to the Shipowner (in addition to any other Hire then due and payable) the excess, if any, of the Termination Value in respect of such Vessel, computed as of the Charter Hire Payment Date occurring on the date of sale by multiplying the Shipowner's Cost of such Vessel by the applicable percentage set forth as the Termination Value for such Vessel, over the net sales price of such Vessel after deducting from such sales price any reasonable costs and expenses incurred by the Shipowner in connection with such sale. All costs of delivery of such Vessel to any purchaser thereof, if any, shall be paid by the Charterer. If no sale shall occur on the date scheduled therefor as above provided, this Charter shall continue in full force and effect with respect to such Vessel. In the event of such sale and the receipt by the Shipowner of the amounts above described, the obligations of the Charterer to pay Basic Charter Hire in respect of such Vessel on each Charter Hire Payment Date shall continue to and including the Charter Hire Payment Date occurring on the date of such sale by the Shipowner, but shall then terminate. Thereupon all the rights and obligations of the Shipowner and the Charterer hereunder with respect to such Vessel shall terminate except for those obligations which by their terms survive termination of the Charter Period. The Shipowner shall not be under any duty to solicit bids, to inquire into the efforts of the Charterer to obtain bids or otherwise to take any action or incur any cost or expense in connection with any sale pursuant to this Section 17 other than to transfer or to cause to be transferred to the purchaser named in the highest bid certified by the Charterer to the Shipowner, all the right, title and interest of the Shipowner in and to such Vessel without recourse or warranty of any kind except that the Vessel shall be free and clear of Shipowner's Liens and Owner Participant's Liens. The Shipowner shall also transfer to such purchaser the original full warranty bill of sale from the Shipbuilder.

Section 18. Assignments and Subcharters. The Charterer shall have the right to (a) assign with the prior written consent of the Secretary this Charter to an Affiliate who is a Citizen or, with the prior written consent of the Shipowner and the Secretary, to a non-Affiliate who is a Citizen, provided, that, in the event of any such assignment, the Charterer shall not be released from any of its obligations and liabilities, accrued or executory, under this Charter or under the Participation Agreement, or (b) subcharter, or otherwise permit any party or parties to use (on less than a demise basis) any or all of the Vessels; provided that if such subcharter or other use is for greater than six months, the subcharterer or user shall be a Citizen and the Charterer shall

send a copy of the subcharter or other use agreement to the Shipowner and the Secretary and submit to the Secretary prior to the effective date of such subcharter or use agreement a letter or other written statement stating that the subcharterer or user is a Citizen. Any such subcharter or other use agreement shall be subject and subordinate to this Charter, shall be in compliance with Section 6(e) hereof, shall not relieve the Charterer from any of its obligations and liabilities, accrued or executory, under this Charter or under the Participation Agreement and, if for greater than six months, shall be approved by the Secretary. Except as provided in Section 2 hereof or Article VII of the Trust Agreement, the Shipowner shall not have the right to make any assignment with respect to this Charter without the prior written consent of the Charterer and of the Secretary. Anything contained in this Charter to the contrary notwithstanding, except as provided in Section 9.01(c) of Exhibit 1 to the Security Agreement, without the prior written consent of the Secretary, the Charterer shall not cause the Shipowner to sell or transfer any Vessel or title thereto to the Charterer or to any other Person pursuant to any provision of this Charter unless prior to or simultaneously therewith the Guarantees shall have terminated within the meaning of Section 3.05(1), (2) or (4) of Exhibit 1 to the Security Agreement.

Section 19. Events of Default. The following events shall constitute Events of Default:

(a) the Charterer shall fail to make any payment of Basic Charter Hire or Supplemental Hire when and as the same shall become due and payable and such failure shall continue until the earlier of (i) 10 days after written notice thereof by the Shipowner or the Secretary to the Charterer, (ii) 30 days after the failure to make such payment or (iii) the giving of a Secretary's Notice to the Indenture Trustee by the Secretary with respect to such failure; or

(b) Charterer shall fail to make any payment of Supplemental Hire relating to payment by the Shipowner of the Guarantee Fee to the Secretary and such failure shall continue until the earlier of (i) 5 days after the failure to make any payment or (ii) the giving of a Secretary's Notice to the Indenture Trustee by the Secretary with respect to such failure; or

(c) the Charterer shall fail to maintain in effect at all times insurance with respect to the Vessels as required by Section 9 hereof and such failure shall

not have been remedied within the earlier of (i) 10 days after written notice of such failure by the Shipowner or (ii) the giving of a Secretary's Notice to the Indenture Trustee by the Secretary with respect to such failure; or

(d) the Charterer shall fail to perform or observe any other covenant, condition or agreement to be performed or observed by it hereunder or under the Participation Agreement and such failure shall not have been remedied within the earlier of (i) 30 days after written notice of such failure from the Shipowner or the Secretary or (ii) the giving of a Secretary's Notice to the Indenture Trustee by the Secretary with respect to such failure; or

(e) any representation or warranty made by the Charterer herein, in the Participation Agreement or in any document or certificate furnished to the Shipowner, the Owner Participant or the Secretary in connection herewith or therewith or pursuant hereto or thereto or in the Construction Contract Assignment shall prove at any time to be incorrect as of the date made in any respect material to the transactions contemplated by the Participation Agreement and such condition shall continue unremedied for the lesser of (i) 30 days after written notice thereof from the Secretary or the Shipowner to the Charterer specifying the default and demanding that the same be remedied or (ii) the giving of a Secretary's Notice to the Indenture Trustee by the Secretary with respect to such condition; or

(f) the Charterer shall become insolvent or bankrupt or shall cease paying or providing for the payment of its debts or make an assignment for the benefit of creditors or consent to the appointment of a trustee or receiver; or a trustee or a receiver shall be appointed for the Charterer or for a substantial part of the property of the Charterer without its consent and shall not be dismissed within a period of sixty (60) days; or bankruptcy, arrangement, reorganization or insolvency proceedings shall be instituted by or against the Charterer and, if instituted against the Charterer, shall not be dismissed within a period of sixty (60) days; or

(g) The Charterer shall fail to perform or comply with any of the provisions of the Restricted Title XI Reserve Fund and Financial Agreement between the Charterer and the Secretary and such failure shall not have been

remedied within the earlier of (i) 30 days after written notice from the Secretary to the Charterer or (ii) the giving of a Secretary's Notice to the Indenture Trustee by the Secretary with respect to such failure.

Section 20. Action Following Event of Default. If any Event of Default specified in Section 19 shall have occurred and shall not have been remedied prior to the giving of a Secretary's Notice with respect thereto the Shipowner may (only after notifying the Secretary and the Indenture Trustee and after obtaining the consent of the Secretary) declare this Charter to be in default, and at any time thereafter, so long as the Charterer shall not have remedied all outstanding Events of Default, at its option, exercise any of the following rights and remedies:

(a) the Shipowner may proceed either at law, in admiralty or in equity to enforce performance by the Charterer of the applicable provisions of this Charter or to recover damages for the breach thereof; or

(b) the Shipowner may terminate this Charter, by notice in writing to the Charterer, whereupon all rights of the Charterer to the use of the Vessels shall absolutely cease and terminate, but the Charterer shall remain liable as to payment of Basic Charter Hire and Supplemental Charter Hire, as hereinafter in this clause (b) provided; and thereupon the Charterer shall, if requested by the Shipowner, forthwith at the Charterer's expense deliver or cause to be delivered the Vessels to the Shipowner at a safe berth on the Mississippi River in the New Orleans or Baton Rouge area, to be stored at the Charterer's expense and risk for a period not to exceed 45 days and, whether or not the Shipowner shall have made such a request, the Shipowner may enter upon and take possession of the Vessels, wherever found, whether underway or in any port, harbor or other place, without prior demand and without legal process, and for that purpose may enter upon any dock, pier or other premises and take such steps as may be necessary to take possession of the same and to discharge, deliver, redeliver or otherwise dispose of any cargo aboard the same, all at the sole risk, cost and expense of the Charterer; and thenceforth the Shipowner shall hold, possess and enjoy the Vessels free from any right of the Charterer; but the Shipowner may, nevertheless, recover from the Charterer all Hire which under the terms of this Charter may then be due and also recover forthwith from the Charterer (i) as liquidated damages for loss of the bargain and not as a penalty, an amount equal to the Stipulated Loss Value applicable to the Charter Hire Payment Date coinciding with or immediately preceding the date of such

payment less the fair market sales value of the Vessels as of such payment date (as determined, at the expense of the Charterer, in accordance with the Appraisal Procedure set forth in Section 21(b) hereof); provided, however, that the fair market sales value shall be zero if the Shipowner is unable to recover possession of the Vessels in accordance with the terms of this Section 20(b); provided further, however, that if one or more Vessels have been sold by the Shipowner on or prior to the date of payment of liquidated damages, the Charterer shall pay, with respect to such Vessels, an amount equal to the Stipulated Loss Value then applicable for such Vessels less the sale price of such Vessels but plus any expenses incurred by the Shipowner in connection with such sale; (ii) interest on the Stipulated Loss Value aforesaid from such Charter Hire Payment Date to the date of payment at the Default Rate; (iii) any damages which the Shipowner shall have sustained by reason of the breach of any provision of this Charter other than for the payment of Basic Charter Hire; and (iv) any expenses, including reasonable attorney's fees, which the Shipowner shall have incurred by reason of the breach of any provision of this Charter (unless already paid for in accordance with the second proviso of clause (i) of this Section 20(b)). To the extent that liquidated damages under the clause (i) above shall not have been determined on the basis of actual sale price pursuant to the second proviso thereof the Shipowner shall pay over to the Charterer an amount equal to the excess, if any, of (x) the net proceeds of any sale, charter or other disposition of the Vessels after deducting all costs and expenses whatsoever incurred by the Shipowner in connection therewith and not theretofore reimbursed by the Charterer, over (y) the fair market sales value of the Vessels actually used for purposes of computing such liquidated damages, up to an amount equal to the liquidated damages actually paid by the Charterer hereunder.

(c) The Shipowner or its agent may sell any Vessel at public or private sale, with or without notice to the Charterer, advertisement or publication, as the Shipowner may determine, or otherwise may dispose of, hold, use, operate or charter (whether for a period greater or less than the balance of what would have been the Charter Period in the absence of the termination of the rights of the Charterer to the Vessels) to others, all on such terms and conditions and at such place or places as the Shipowner may reasonably determine and all free and clear of any rights of the Charterer.

At any time after an Event of Default shall have occurred and be continuing, the Shipowner may request the Charterer to deliver, and the Charterer shall deliver, as soon as possible, a certificate setting forth the current location

of all of the Vessels.

The remedies in this Charter provided in favor of the Shipowner shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law, in admiralty or equity; provided that the Shipowner may not exercise any such other remedies without the prior written consent of the Secretary. The Charterer hereby waives, so far as permitted by law, any notice to quit or notice of re-entry or of the institution of legal proceedings to that end, any right of re-entry or repossession, or any other requirements of law, now or hereafter in effect, which may require the Shipowner to sell, lease, or otherwise use the Vessels in mitigation of Shipowner's damages as set forth in this Section or which might limit or modify the remedies herein provided.

The failure of the Shipowner to exercise its rights granted it hereunder, or the partial exercise of such rights, upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such rights upon the continuation or recurrence of any such contingencies or similar contingencies or preclude any other or further exercise of such rights or of any other rights.

The Shipowner may, at its option but at the expense of and for the account of the Charterer, and without waiving any of the rights of the Shipowner against the Charterer, cure any such Event of Default, and if the Shipowner shall so cure any such Event of Default it shall be entitled to interest at the Default Rate from the date of curing such Event of Default until reimbursed by the Charterer, on the amount expended by the Shipowner to cure any such Event of Default.

The Shipowner agrees not to waive any Events of Default hereunder without the prior written consent of the Secretary.

Section 21. Renewal of Charter upon Expiration.

(a) The Charterer shall have the right, exercisable by giving a Renewal Notice to the Shipowner at least ten months prior to the expiration of the Charter Period, to renew and extend the Original Term and the first Renewal Term, as the case may be, 5, 10, 15 or all of the Vessels from the stated expiration date hereof for a period of two years at a charter rate payable semi-annually in arrears which shall be equal to the fair market bareboat charter hire then applicable to such Vessel or Vessels as of the expiration date of the Charter Period as determined by agreement between the Shipowner and the Charterer, or, if they fail to reach such agreement within 20 days of such notice,

in accordance with the Appraisal Procedure set out in Section 21(b) hereof. Such Renewal Notice shall set forth the number of Vessels to be renewed and, before determining the fair market bareboat charter value thereof, the parties hereto agree to pick on a random basis which Vessels shall be included in such number.

(b) "Appraisal Procedure" shall mean the following procedure for determining the fair market sales value or the fair market bareboat charter hire or both, as the case may be, of a Vessel or Vessels (provided that for the purposes of this definition "Vessel" and "Vessels" shall not include any equipment or appurtenance owned by a third party lessor or which remain or become the property of the Charterer pursuant to this Charter): If the appropriate party hereto shall have given written notice to the other requesting determination of such value by the Appraisal Procedure, each party shall appoint an independent appraiser within 15 days of the giving of such notice. Each appraiser so appointed shall be instructed to independently determine the fair market sales value or the fair market bareboat charter hire or both, as the case may be, of the Vessel or Vessels in accordance with the respective definitions of such terms contained herein and within 40 days of the giving of such notice. If only one appraiser shall have been so appointed within 15 days of the giving of such notice, or if two appraisers shall have been so appointed but only one such appraiser shall have made such determination within 40 days of the giving of such notice, then the determination of such appraiser shall be final and binding upon the parties. If two appraisers shall have been appointed and shall have made their determinations within the respective requisite periods set forth above and if the difference between the amounts so determined shall not exceed 10% of the lesser of such amounts, then the fair market sales value or the fair market bareboat charter hire or both, as the case may be, of the Vessel or Vessels shall be an amount equal to 50% of the sum of the amounts so determined. If the difference between the amounts so determined shall exceed 10% of the lesser of such amounts, or if neither appraiser shall have made a determination within 40 days of the giving of notice then such two appraisers shall have 15 days to appoint a third appraiser, but if such appraisers fail to do so, then either party may request the American Arbitration Association or any successor organization thereto to appoint an appraiser within 15 days of such request, and both parties shall be bound by any appointment so made within such 15 day period. If no such appraiser shall have been appointed within such 15 days or within 90 days of the original notice requesting a determination pursuant to the Appraisal Procedure, whichever is earlier, either party may apply to any

court having jurisdiction to make such appointment, and both parties shall be bound by any appointment made by such court. Any appraiser appointed by the original appraisers, by the American Arbitration Association or by such court shall be instructed to determine the fair market sales value or the fair market bareboat charter hire or both, as the case may be, of the Vessel or Vessels in accordance with the respective definitions of such terms contained herein and within 30 days after its appointment. The determination of the appraiser which differs most from the determinations of the other two appraisers shall be excluded, and 50% of the sum of the remaining two determinations shall be final and binding upon the parties hereto as the fair market bareboat charter hire or the fair market sales value, as the case may be. This provision for determination by appraisal shall be specifically enforceable to the extent such remedy is available under applicable law and any determination shall be final and binding upon the parties except as otherwise provided by applicable law. The Charterer and the Shipowner shall each pay the fees and disbursements of any appraiser appointed by it and shall share equally the fees and expenses of any third appraiser and any other costs and expenses of any appraisal pursuant to this Section 21(b).

(c) Notwithstanding the foregoing provisions of this Section 21, the Charterer's request for a determination of fair market bareboat charter hire shall not obligate the Charterer to exercise its option provided in this Section 21. If the Charterer does not exercise such option, the Charterer shall pay all costs and expenses of any appraisal pursuant to Section 21(b) hereof and shall notify the Shipowner of the decision not to exercise such option at least 180 days prior to the termination of the Charter Period.

Section 22. Notices. All notices and other communications hereunder shall be mailed postage prepaid by certified mail, return receipt requested, and addressed to the Charterer and the Shipowner, respectively, at the addresses set forth on the signature page and to the Secretary at Secretary of Transportation c/o Maritime Administrator, Maritime Administration, Department of Transportation, 400 Seventh Street, S.W., Washington, D.C. 20590, or at such other address or addresses as such parties shall hereafter specify in writing to the other parties hereto. Copies of all notices and other communications to the Shipowner hereunder shall be given by the Charterer to the Owner Participant at its address set forth in the Participation Agreement.

Section 23. Miscellaneous. (a) This Charter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(b) All amounts and moneys referred to in this Charter shall be construed to mean money which at the time is lawful money of the United States.

(c) The section headings are for convenience only and shall not be construed as a part of this Charter.

(d) Except as otherwise provided herein, this Charter shall be governed by and construed in accordance with the laws of the United States and the Commonwealth of Pennsylvania.

(e) If any payment to be made by the Charterer hereunder shall become due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

(f) Any payment not made by the Charterer to the Shipowner when due as provided in this Charter shall bear interest from the due date thereof at the Default Rate until paid.

(g) If the Shipowner fails to make any payment required to be made by it hereunder or under the Participation Agreement, the Mortgage or the Security Agreement or fails to perform or comply with any of its agreements contained herein or therein, and such failure continues for 10 days after written notice thereof from the Charterer to the Shipowner the Charterer may itself make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the reasonable expenses of the Charterer incurred in connection with such agreement, as the case may be, together with interest thereon at the Default Rate, shall be payable by the Shipowner to the Charterer upon demand.

Section 24. Severability; Effect and Modification of Charter. Any provision of this Charter which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or enforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

No variation or modification of this Charter and no

waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Shipowner and the Charterer, and consented to by the Secretary.

Section 25. Sale, Consolidation, Merger or Change of Name. (a) Without the prior written consent of the Shipowner and the Secretary, the Charterer will not merge or consolidate with any other corporation or sell, lease, transfer or otherwise dispose of substantially all of its assets to any Person; provided, however, that no such consent of the Shipowner or the Secretary shall be required in the event of any consolidation or merger if (i) the Charterer is the corporation surviving such consolidation or merger, (ii) such surviving corporation shall be a Citizen and shall have furnished the Secretary with proof satisfactory to the Secretary of such United States citizenship and (iii) no Event of Default (or other event which with the passage of time or the giving of notice or both would become an Event of Default) shall exist immediately following such consolidation or merger.

(b) The Shipowner and the Secretary may rely upon an opinion of counsel for the Charterer that any such consolidation, merger or sale, and any such succession, complies with the provisions of this Section.

(c) With the prior written consent of the Shipowner and the Secretary, any such sale may be on such terms as to release the corporation which is the Charterer immediately prior to such sale from all of its obligations under this Charter, and, in such event, the Shipowner, if so requested by such corporation, shall execute and deliver such instruments as may be deemed by such corporation to be necessary or applicable to give effect to and confirm such release.

(d) Upon any such consolidation, merger or sale, the corporation (if not the Charterer) formed by or surviving such consolidation or merger, or to which such sale shall have been made, shall succeed to and be substituted for the Charterer with the same effect as if it had been named herein and shall execute and deliver such instruments or agreements assuming the Charterer's obligations hereunder as reasonably requested by the Shipowner.

(e) The Charterer shall not change its name without prior written notice to the Shipowner and the Secretary.

Section 26. Performance of Obligations to the Secretary. Notwithstanding any other provision of this Charter to the

contrary, each of the provisions of this Charter which requires or permits action by the Secretary, the consent, approval or authorization of the Secretary, the furnishing of any document, paper or information to the Secretary, or the performance of any other obligation to the Secretary shall not be effective, and the sections containing such provisions shall be read as though there were no such requirements or permissions after the Guarantees shall have terminated pursuant to Section 3.05(1), (2) or (4) of Exhibit 1 to the Security Agreement and the Guarantee Commitment, the Security Agreement and the Mortgage shall no longer be in effect.

Section 27. Definitions. For all purposes of this Charter, unless otherwise expressly provided or unless the context otherwise requires:

(1) All references herein to sections or other subdivisions, unless otherwise specified, refer to the corresponding sections and other subdivisions of the Charter;

(2) The terms "hereof", "herein", "hereby", "hereto", "hereunder", and "herewith" refer to this Charter;

(3) Capitalized terms used herein which are not defined herein but which are defined in Schedule X attached hereto, or by reference therein to other instruments, shall have the respective meanings stated therein or in such other instruments.

Section 28. Cover Casualty. Upon the occurrence of a Cover Casualty, the Charterer shall give prompt written notice thereof and shall, within 45 days after the occurrence of such Cover Casualty, cause to be duly conveyed to the Shipowner as a replacement for the Cover with respect to which such Cover Casualty occurred, title to another cover of the same or another manufacturer of the same, an equivalent or an improved model and suitable for installation and use on the related Vessel, free and clear of all Liens not excepted in Section 6(d) hereof and having a value and utility at least equal to, and being in as good operating condition as, the Cover with respect to which such Cover Casualty occurred, assuming such Cover was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Cover Casualty. Prior to or at the time of any such conveyance, the Charterer at its own expense will (i) cause to be furnished to the Shipowner a bill of sale, in form and substance reasonably satisfactory to the Shipowner, with respect to such replacement Cover and (ii) cause a Charter Supplement, in form and substance

reasonably satisfactory to the Shipowner, to be duly executed by the Charterer to the effect that, upon such conveyance, the Shipowner will acquire full title to such replacement Cover and that it will be chartered hereunder and subject to the security interest and mortgage created by, and subject to all of the terms of, the Mortgage and the Security Agreement, to the same extent as the Cover replaced thereby. Upon full compliance by the Charterer with the terms of this Section 28 the Shipowner will pay to the Charterer all insurance proceeds as a result of such Cover Casualty and will transfer to the Charterer, without recourse or warranty (except as to the absence of Shipowner's Liens and Owner Participant's Liens), all of the Shipowner's right, title and interest in and to the Cover with respect to which such Cover Casualty occurred and such Cover shall thereupon cease to be a Cover chartered hereunder. For all purposes hereof, each such replacement cover shall, after such conveyance, be deemed part of the property chartered hereunder and shall be deemed a "Cover" as defined herein. Except as provided below, no Cover Casualty with respect to a Cover under the circumstances contemplated by the terms of this Section 28 shall result in any reduction in Basic Charter Hire.

Notwithstanding the foregoing paragraph of this Section 28, the Charterer may, at its option, instead of replacing the Cover as aforesaid, notify the Shipowner, within 45 days after such Cover Casualty, that it intends to pay Stipulated Loss Value with respect to such Cover. Such notice shall specify a Loss Payment Date which shall be not more than 75 or less than 50 days after the date such notice is given by the Charterer, on which the Charterer will make the payment specified in the following paragraph. Promptly after receipt of such notice, the Shipowner shall (i) give to the Indenture Trustee written instructions to redeem Outstanding Obligations on the Loss Payment Date pursuant to Section 3.05 of Exhibit 1 to the Indenture and (ii) take such actions as shall from time to time be reasonably requested by the Charterer to cause the Secretary to give to the Indenture Trustee the written instructions to so redeem Outstanding Obligations as contemplated by said Section 3.05. The Charterer shall continue to pay Basic Charter Hire when due on each Charter Hire Payment Date occurring during the period from and including the occurrence of the event giving rise to the Cover Casualty to and including the Loss Payment Date.

The Charterer shall pay to the Shipowner on the Loss Payment Date an amount equal to the sum of (a) the Stipulated Loss Value for such Cover determined as of the Charter Hire Payment Date on or immediately preceding the Loss Payment Date

plus (b) interest, at the rate of interest on the Obligations, on the amount specified in the immediately preceding clause (a) for the period from such Charter Hire Payment Date to and including the Loss Payment Date plus (c) all other Hire (including, without limitation, Basic Charter Hire due through the Charter Hire Payment Date on or immediately preceding the Loss Payment Date) due on or prior to the Loss Payment Date. Upon payment of such Stipulated Loss Value and all Hire then due hereunder, Shipowner's Cost of the Vessel as to which such Cover relates shall be reduced by the amount set forth in the Charter Supplement for such Vessel under the caption "Shipowner's Cost of Covers". Thereupon the Shipowner will transfer to the Charterer, without recourse or warranty (except as to the absence of Shipowner's Liens and Owner Participant's Liens), all of the Shipowner's right, title and interest in and to such Cover, and such Cover shall thereupon cease to be a Cover chartered hereunder.

IN WITNESS WHEREOF, the Charterer and the Shipowner have executed this Charter the day and year first above written.

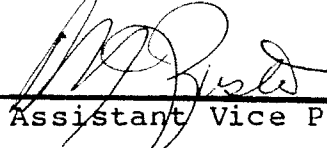
DRAVO MECHLING CORPORATION

By: WV Hollenauer
Vice President

One Oliver Plaza
Pittsburgh, Pennsylvania 15222

Attention: Vice President, Finance

THE CONNECTICUT BANK AND TRUST
COMPANY, not in its individual
capacity but solely as owner
trustee as aforesaid

By: 
Assistant Vice President

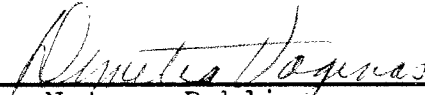
One Constitution Plaza
Hartford, Connecticut 06115

Attention: Corporate Trust
Department

ALL OF THE SHIPOWNER'S RIGHT, TITLE AND INTEREST IN
AND TO THE ABOVE CHARTER AND ALL HIRE DERIVED THEREFROM ARE
SUBJECT TO A SECURITY INTEREST IN FAVOR OF THE UNITED STATES
OF AMERICA, REPRESENTED BY THE SECRETARY OF TRANSPORTATION,
ACTING BY AND THROUGH THE MARITIME ADMINISTRATOR, IN ACCORDANCE
WITH THE PROVISIONS OF A SECURITY AGREEMENT BETWEEN THE SHIPOWNER
AND THE SECRETARY AS SECURED PARTY AND AN ASSIGNMENT OF CHARTER
GIVEN PURSUANT THERETO BETWEEN THE SHIPOWNER AND THE SECRETARY.
TO THE EXTENT THAT SUCH CHARTER MAY BE DEEMED TO CONSTITUTE
"CHATTEL PAPER" UNDER THE UNIFORM COMMERCIAL CODE OF ANY
JURISDICTION, NO SECURITY INTEREST MAY BE OBTAINED IN SUCH
CHARTER EXCEPT BY POSSESSION OF THE COUNTERPART THEREOF DENOTED
"COUNTERPART NO. 1".

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this 18th day of March, 1982, before me personally appeared W. J. Mollenauer, to me personally known, who, being by me duly sworn, says that he is a Vice President of DRAVO MECHLING CORPORATION, that said instrument was signed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.



Notary Public

[Notarial Seal]

My Commission expires

DEMETRA VAGENAS
Notary Public, State of New York
No. 31-4692597
Qualified in New York County
Commission Expires March 30, 1983

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this 18th day of March, 1982, before me personally appeared Michael J. Rister, to me personally known, who, being by me duly sworn, says that he is an Assistant Vice President of THE CONNECTICUT BANK AND TRUST COMPANY, that said instrument was signed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.



Notary Public

[Notarial Seal]

My Commission expires

DEMETRA VAGENAS
Notary Public, State of New York
No. 31-4692597
Qualified in New York County
Commission Expires March 30, 1983

Schedule One
to
Bareboat Charter

Filed with the Interstate Commerce Commission pursuant to 49
U.S.C. §11303 on _____, 198_ at _____ M., recordation
number _____.

CHARTER SUPPLEMENT NO. ____

THIS CHARTER SUPPLEMENT NO. __, dated _____, 198_,
to Bareboat Charter dated as of April 1, 1981 (the "Charter")
between DRAVO MECHLING CORPORATION (the "Charterer") and THE
CONNECTICUT BANK AND TRUST COMPANY, not in its individual
capacity but solely as owner trustee under the Trust Agreement
dated as of April 1, 1981 between it and New England Merchants
Leasing Corporation B-7 (in its capacity as such owner trustee,
the "Shipowner").

WITNESSETH:

WHEREAS, the Charter provides for the execution and
delivery on the Delivery Date of a Vessel or Vessels of a Charter
Supplement, substantially in the form hereof;

NOW, THEREFORE, in consideration of the premises and
other good and sufficient consideration, the Shipowner and the
Charterer hereby agree as follows:

(1) The Shipowner hereby confirms that it has
let, chartered and demised to the Charterer under the
Charter, and the Charterer hereby confirms that it has

unconditionally accepted and hired from the Shipowner under the Charter, for all purposes thereof the following numbered Vessel(s) (the "delivered Vessel(s)") with the Official Number and designation by the Charterer as follows:

<u>Name</u>	<u>Hull No.</u>	<u>Official No.</u>
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(2) The Delivery Date of each delivered Vessel is the date of this Charter Supplement.

(3) The Shipowner's Cost of each delivered Vessel and the Cover relating thereto on the Delivery Date is as follows:

<u>Hull Number</u>	<u>Shipowner's Cost of Vessel Including Cover</u>	<u>Shipowner's Cost of Cover</u>
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(4) The Charterer hereby confirms as between it and the Shipowner that the delivered Vessels comply with the requirements of the Charter and with all specifications of the Construction Contract; provided, however, that nothing contained herein shall in any way diminish or otherwise affect any right which the Charterer, the Shipowner or the Lender may have with respect to such Vessels against Dravo Corporation or any subcontractor of Dravo Corporation under the Construction Contract or otherwise.

IN WITNESS WHEREOF, the Shipowner and the Charterer have caused this Charter Supplement to be duly executed as of the day and year first above written.

DRAVO MECHLING CORPORATION

By: _____
Vice President

THE CONNECTICUT BANK AND TRUST
COMPANY, not in its individual
capacity but solely as owner
trustee as aforesaid

By: _____
Assistant Vice President

ALL OF THE SHIPOWNER'S RIGHT, TITLE AND INTEREST IN AND TO THE ABOVE CHARTER SUPPLEMENT AND ALL HIRE DERIVED THEREFROM ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF THE LENDER NAMED THEREIN IN ACCORDANCE WITH THE PROVISIONS OF A SECURITY AGREEMENT BETWEEN THE SHIPOWNER AND SAID LENDER AS SECURED PARTY. TO THE EXTENT THAT SUCH CHARTER SUPPLEMENT MAY BE DEEMED TO CONSTITUTE "CHattel PAPER" UNDER THE UNIFORM COMMERCIAL CODE OF ANY JURISDICTION, NO SECURITY INTEREST MAY BE OBTAINED IN SUCH CHARTER SUPPLEMENT EXCEPT BY POSSESSION OF THE COUNTERPART THEREOF DENOTED "COUNTERPART NO. 1".

IN WITNESS WHEREOF, the Shipowner and the Charterer have caused this Charter Supplement to be duly executed as of the day and year first above written.

DRAVO MECHLING CORPORATION

By: _____
Vice President

THE CONNECTICUT BANK AND TRUST COMPANY, not in its individual capacity but solely as owner trustee as aforesaid

By: _____
Assistant Vice President

ALL OF THE SHIPOWNER'S RIGHT, TITLE AND INTEREST IN AND TO THE ABOVE CHARTER SUPPLEMENT AND ALL HIRE DERIVED THEREFROM ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF THE LENDER NAMED THEREIN IN ACCORDANCE WITH THE PROVISIONS OF A SECURITY AGREEMENT BETWEEN THE SHIPOWNER AND SAID LENDER AS SECURED PARTY. TO THE EXTENT THAT SUCH CHARTER SUPPLEMENT MAY BE DEEMED TO CONSTITUTE "CHattel PAPER" UNDER THE UNIFORM COMMERCIAL CODE OF ANY JURISDICTION, NO SECURITY INTEREST MAY BE OBTAINED IN SUCH CHARTER SUPPLEMENT EXCEPT BY POSSESSION OF THE COUNTERPART THEREOF DENOTED "COUNTERPART NO. 1".

COMMONWEALTH OF PENNSYLVANIA)
) ss.:
COUNTY OF ALLEGHENY)

On this _____ day of _____, 198_, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is a _____ of DRAVO MECHLING CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission expires

COMMONWEALTH OF PENNSYLVANIA)
) ss.:
COUNTY OF ALLEGHENY)

On this _____ day of _____ 198 , before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is a _____ of THE CONNECTICUT BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission expires

Schedule Two
to
Bareboat Charter

Stipulated Loss Values

and

Termination Values

<u>Charter Hire Payment Date</u>	<u>Stipulated Loss Value Percentage*</u>	<u>Termination Value Percentage*</u>
December 31, 1981	109.359387	102.315144
June 30, 1982	107.630412	105.544282
December 31, 1982	109.906540	107.778339
June 30, 1983	108.055678	106.582029
December 31, 1983	109.103250	107.599881
June 30, 1984	109.909512	108.375824
December 31, 1984	110.408068	108.843450
June 30, 1985	110.643192	109.047020
December 31, 1985	110.537905	108.909542
June 30, 1986	110.224846	108.563643
December 31, 1986	109.812858	108.118153
June 30, 1987	109.374967	107.646084
December 31, 1987	108.907921	107.144171
June 30, 1988	108.406252	106.606932
December 31, 1988	107.877820	106.042212
June 30, 1989	107.316715	105.444087
December 31, 1989	106.731548	104.821155
June 30, 1990	106.105880	104.156959
December 31, 1990	105.449535	103.461309
June 30, 1991	104.765960	102.737636
December 31, 1991	104.045567	101.976338
June 30, 1992	103.291396	101.180436
December 31, 1992	102.505524	100.351992
June 30, 1993	100.915641	98.112232
December 31, 1993	98.893927	95.591870
June 30, 1994	96.328043	92.959392
December 31, 1994	93.667113	90.230526
June 30, 1995	90.884902	87.379007

* After payment of all other Hire due and payable on the applicable Charter Hire Payment Date.

December 31, 1995	87.999723	84.423134
June 30, 1996	84.984299	81.335569
December 31, 1996	81.874785	78.152469
June 30, 1997	78.627255	74.829870
December 31, 1997	75.265076	71.391108
June 30, 1998	71.757960	67.805863
December 31, 1998	68.147563	64.115764
June 30, 1999	64.372671	60.259560
December 31, 1999	60.479061	56.282999
June 30, 2000	56.434295	52.153609
December 31, 2000	52.258407	47.891391
June 30, 2001	47.917781	43.462694
December 31, 2001	43.438015	38.893080
June 30, 2002	38.784173	34.147579
December 31, 2002	34.002983	29.272881
June 30, 2003	29.150137	24.324641
December 31, 2003	25.000000	20.000000